

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

January 22, 2004

IN RE:)	
)	
CROCKETT TELEPHONE COMPANY, INC.)	DOCKET NO.
TARIFF TO IMPLEMENT LATE)	03-00462
PAYMENT CHARGE -- Tariff number: 2003-777)	
)	
PEOPLES TELEPHONE COMPANY, INC.)	DOCKET NO.
TARIFF TO IMPLEMENT LATE)	03-00463
PAYMENT CHARGE -- Tariff number: 2003-778)	
)	
WEST TENNESSEE TELEPHONE COMPANY, INC.)	DOCKET NO.
TARIFF TO IMPLEMENT LATE)	03-00464
PAYMENT CHARGE Tariff number: 2003-779)	

ORDER APPROVING TARIFFS

These matters came before Director Pat Miller, Director Sara Kyle and Director Ron Jones of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to the above styled dockets, at a regularly scheduled Authority Conference held on August 18, 2003, for consideration of the individual Tariffs to Implement Late Payment Charge filed on July 23, 2003 by Crockett Telephone Company, Inc. ("Crockett") (Tariff number: 2003-777), Peoples Telephone Company, Inc ("Peoples") (Tariff number:2003-778) and West Tennessee Telephone Company, Inc. ("West Tennessee") (Tariff number: 2003-779).

Background

Crockett, Peoples and West Tennessee (collectively, the "Companies") are wholly-owned subsidiaries of Telephone Electronics Corporation ("TEC"), a privately owned company with its principal office in Jackson, Mississippi.

The Companies submitted the *Tariffs* on July 23, 2003 with a proposed effective date of August 22, 2003. In the July 23, 2003 submission, the Companies sought approval of a tariff that would allow it to establish a late payment charge of two percent for residential customers and up to three percent for business customers. The late payment charge may be applied to charges for company regulated services and services provided by a third party, provided that: 1) the Companies have given notice to customers; 2) the contract between the customer and the particular third party provides for the late fee; and 3) a valid tariff exists permitting the particular third party to charge the late fee.

The *Tariffs* further state that the late payment charge will be applied to unpaid balances of each subscriber's bill when the previous month's bill has not been paid in full. The nonpayment of a late fee would not be the sole cause for denial or termination of a customer's local service. The late payment charge would also not apply to Lifeline customers; specified charges subject to dispute; charges for prepaid services; charges for which the customer has had less than twenty-one days to pay; and previous unpaid late payment charges.

No person sought intervention or submitted an objection regarding these Tariffs.

Findings

The Authority is charged with ensuring that the rates of the TEC Companies are just and reasonable. The Companies most recently filed 3.01 Reports, which were for the month ended May 31, 2003, reveal that the composite rate of return¹ for the Companies is 4.81 percent. The authorized rate of return is 11.47 percent. The difference between what is actually earned and what is authorized would yield a revenue deficiency of \$1.3 million. These findings reveal that the TEC Companies' revenues are less than what would be considered reasonable given present economic

¹ This method of regulating the TEC Companies was developed during the late 1980's prior to the dissolution of the Tennessee Public Service Commission and the establishment of the Tennessee Regulatory Authority. The Companies submit individual 3.01 Reports which are then combined and averaged to reach a composite rate of return. This method gives both the Authority and the Companies more flexibility in rate design options.

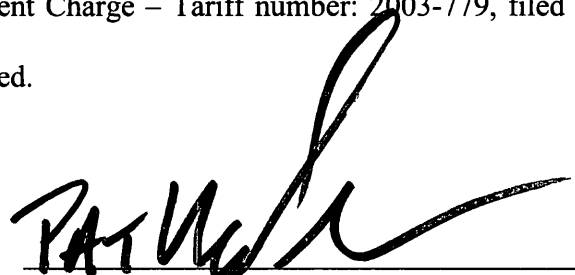
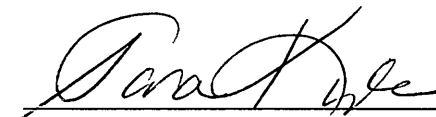
conditions. Moreover, the proposed fees are expected to generate less than \$29,250 annually.

The terms and conditions of these Tariffs are consistent with the late payment fees previously approved by the Authority for BellSouth Telecommunications, Inc.² The proposed fees are in the public interest because such fees will help keep rates affordable for customers paying their bills on time. In addition, the TEC Companies have adequately notified customers of the proposed change.

Based on the foregoing findings and conclusions, the panel voted unanimously to approve the *Tariffs* as filed.

IT IS THEREFORE ORDERED THAT:

1. The Tariff to Implement Late Payment Charge – Tariff number: 2003-777, filed by Crockett Telephone Company, Inc. is approved.
2. The Tariff to Implement Late Payment Charge – Tariff number: 2003-778, filed by Peoples Telephone Company, Inc. is approved.
3. The Tariff to Implement Late Payment Charge – Tariff number: 2003-779, filed by West Tennessee Telephone Company, Inc. is approved.


Pat Miller, Director
Sara Kyle, Director
Ron Jones, Director

² See *BellSouth Tariff to Introduce a Late Payment Charge in the General Subscriber Services Tariff and Increase the Existing Late Payment in the Private Line Services Tariff*, Docket No. 01-00840, Order Approving Tariff (May 2, 2002).